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M. C. Blackmore
Vice President

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Chairman Linda J. Morgan
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Dear Chairman Morgan,

Sinclair Oil Corporation uses rail transportation. Our annual volume is 3800 carload trips. Sinclair uses both Union Pacific and BNSF as primary carriers for our transportation needs.

I support the STB's decision in the BNSF/CN docket to examine carefully the BNSF/CN proposed control application, including all of the effects it could have on the rail transportation industry. The Board should not look at the BNSF/CN transaction in a vacuum. It should consider the effects that further mergers and consolidations in the rail industry will have on shippers.

I also applaud the Board for its decision to solicit public comment and hold a hearing, before BNSF and CN file their application, to begin to address the efforts of the proposed BNSF/CN transaction and potential future rail consolidations on the structure of the rail industry in North America.

–The March hearings in Ex Parte 582 offer a good opportunity for the Board to address the kinds of evidence it should consider (and require BNSF/CN to submit in their application) when it turns its attention to evaluating the BNSF/CN proposal.

Any major rail consolidation now or in the immediate future would be extremely unfortunate. The rail industry is still adjusting to the effects of the last round of mergers. Not all of the benefits of those mergers have been realized or accomplished yet. The industry needs to stabilize and improve its overall operations before further consolidations are undertaken.

–Sinclair Oil Corporation has experienced the effects of the service disruptions caused by rail mergers over the past five years, including both mergers of Burlington Northern and Santa Fe, as well as Union Pacific and Southern Pacific. While improvements in service are taking place, this has been a long, expensive and resource consuming process for our company. The railroads do not need further disruptions and distractions in providing service right now.

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Any major consolidation, like BNSF/CN, will necessarily lead to more mergers and consolidations. That is the history of virtually every major industry as companies react to the changing landscape in the marketplace to avoid losing competitive leverage. While there might be a time when additional mergers become appropriate, another round of merger activity is likely to divert all of the railroads' attention, resources and energy away from the more important job of improving their service in the current industry structure.

Merger implementation is obviously a multi-year process that consumes attention and resources of the merging railroads' management. Sinclair Oil Corporation has worked through the disruption to rail service that has followed these mergers. The shipper community deserves and has earned a period of stability in the rail industry while the railroads concentrate on completing the integrations and delivering all the benefits we expected from the prior mergers that the STB has approved.

--Railroad service was improving significantly in the early 1990's when railroads' managements were not distracted by one merger proposal after another and all the implementation efforts that followed STB approval. That progress was interrupted by the BNSF merger and the Union Pacific/Santa Fe merger. Until the BNSF/CN proposal, we looked forward to a hiatus of at least several years during which railroads could again focus their attention on improving the existing network rather than changing again through mergers.

More mergers and consolidations are unnecessary now. The rail industry has recently shrunk to a half-dozen large railroads. This new structure and rapid advances in information technology offer the industry opportunities to improve their service without mergers. They should concentrate on pursuing cooperative initiatives to improve interchange service, projects to coordinate dispatching and operations in complex terminal areas and more effective utilization of their information technology to better serve all rail customers.

The rail industry has made significant progress since deregulation. Sinclair does not want to see the return of more onerous economic regulation of the railroads. That would have a negative impact on the financial health of the industry. Ultimately, railroads would reduce their investment in their infrastructure, abandon track and reduce service. It would soon be evident that the remaining railroads would not be able to meet the demands for transportation service that they fill today. Yet the BNSF/CN merger and others that are likely to follow will lead to increased calls in Congress to reregulate the industry.

Sincerely,

SINCLAIR OIL CORPORATION

M.C. Blackmore

Milton C. "Bud" Blackmore
Vice President Marketing

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